

Message Text

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ACTION EA-14

INFO OCT-01 NEA-11 ISO-00 SPC-03 SAM-01 AID-20 EB-11

NSC-10 RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01

CEA-02 CIAE-00 DODE-00 INR-10 NSAE-00 PA-04 USIA-15

PRS-01 COME-00 FRB-02 XMB-07 OPIC-12 LAB-06 SIL-01

INT-08 FEA-02 DRC-01 /174 W
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R 290942Z FEB 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 79

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E.O. 11652: NA

TAGS: ENRG, EAID, JA

SUBJ: VISIT TO JAPAN OF EGYPTIAN DEPUTY PREMIER HATIM

REF: TOKYO 201

SUMMARY: ACCORDING TO FONOFF, GOJ HAS DECIDED TO EXTEND ADDITIONAL LOAN OF 30 BILLION YEN (\$100 MILLION) TO EGYPT, AS EGYPTIAN GOVT HAD REQUESTED DURING JAPANESE DEPUTY PRIMIN MIKI'S VISIT TO CAIRO LAST DECEMBER. THIS DECISION WILL BE CONVEYED TO HATIM DURING COURSE OF HIS CURRENT VISIT TO JAPAN. IN MEETING WITH MITI MINISTER NAKASONE, HATIM PRESSED FOR INCREASED PRIVATE INVESTMENT AS WELL AS AID. IN RESPONSE NAKASONE CITED JAPAN'S DECLINING FOREIGN RESERVES AND SUGGESTED COMBINING ARAB OIL MONEY AND JAPANESE TECHNOLOGY. END SUMMARY.

1. EGYPTIAN DEPUTY PREMIER HATIM ARRIVED TOKYO FEB 15 FOR 9-DAY VISIT. ON FEB 18 HE CALLED ON MINISTER OF INTERNATIONAL TRADE AND INDUSTRY (MITI) NAKASONE.

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ACCORDING TO MITI OFFICIAL PRESENT AT MEETING, THRUST

OF HATIM'S REMARKS WERE TO URGE INCREASED JAPANESE CREDITS TO EGYPT AND INCREASED PRIVATE INVESTMENT. IN RESPONSE NAKASONE SAID THAT, WHILE GOJ FAVORED INCREASED PRIVATE INVESTMENT, BECAUSE OF THE DEFICIT IN JAPAN'S BALANCE OF PAYMENTS IT WAS NO LONGER AS EASY AS PREVIOUSLY TO INCREASE CREDITS AND PRIVATE INVESTMENT. NAKASONE THEN SUGGESTED THAT UNDER THE CIRCUMSTANCES IT WOULD BE A GOOD IDEA TO COMBINE QTE OIL MONEY UNQTE IN ARAB COUNTRIES WITH JAPANESE TECHNOLOGY.

2. MITI OFFICIAL WENT ON TO NOTE THAT IT WAS DIFFICULT FOR JAPAN TO INCREASE TRADE WITH AND INVESTMENT IN EGYPT. FOR SEVERAL YEARS GOJ HAS SUSPENDED ISSUANCE OF EXPORT INSURANCE TO EGYPT BECAUSE OF EGYPTIAN DEFAULT OF DEBT REPAYMENT. THUS, WHILE EXIMBANK CREDITS ARE AVAILABLE, THESE ARE LITTLE USED BECAUSE OF NON-AVAILABILITY OF EXPORT INSURANCE. STATUS OF INVESTMENT INSURANCE UNCLEAR, SINCE THERE HAS BEEN VERY LITTLE JAPANESE INVESTMENT IN EGYPT, JAPANESE FIRMS HAVE NOT REQUESTED INVESTMENT INSURANCE AND THUS, OFFICIAL SAID, QUESTION WHETHER GOJ WOULD IN FACT ISSUE SUCH INSURANCE HAS NOT BEEN RAISED.

3. HATIM HAS RAISED QUESTION OF EGYPTIAN REQUEST FOR DOLLARS 100 MILLION LOAN, HALF FOR PROJECT AID AND HALF FOR COMMODITY ASSISTANCE. ACCORDING TO WATANABE (DEPUTY HEAD, FIRST ECONOMIC COOPERATION DIVISION, FONOFF), HATIM WILL BE OFFICIALLY INFORMED DURING HIS STAY IN JAPAN OF GOJ'S DECISION TO GRANT EGYPT YEN 30 BILLION LOAN (ABOUT DOLLARS 100 MILLION) IN ADDITION TO YEN 38 BILLION EARLIER COMMITTED FOR FIRST PHASE SUEZ CANAL IMPROVEMENT (REFTEL), HALF FOR COMMODITY ASSISTANCE AND HALF FOR PROJECT AID. TERMS WILL BE 3.5 PERCENT INTEREST, REPAYABLE OVER TWENTY-FIVE YEARS WITH SEVEN YEAR GRACE PERIOD.

4. WATANABE SAID LOAN AGREEMENTS WOULD NOT BE SIGNED DURING HATIM'S VISIT, AS SOME NEWS ACCOUNTS ERRONEOUSLY INDICATED, BUT WOULD BE FORMALIZED AT LATER DATE BY EXCHANGE OF NOTES. SHOESMITH
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*** Current Classification *** LIMITED OFFICIAL USE

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